

Cost Allocation Overview

2017 Department Release





Agenda

- Objective
- Cost Allocations
 - Overview
 - Definitions
 - Strategy
 - Examples of Cost Allocations



Objectives

 FI\$Cal Team: Provide information to departments about what they should collect before their departmental Workshop and collect Cost Allocation plans



Allocations Overview

- The Allocations process creates GL journals to reclassify (allocate) *ledger balances* based on user-specified rules.
- Similar to CALSTARS' cost allocation functionality.
- Monthly or year-to-date amounts can be allocated.
 - When allocating amounts, journals can be configured to auto reverse.
- Departments can define their allocations requirements.
- The FI\$Cal Service Center will maintain allocation configuration, but departments run the Allocations process.



Allocations Key Terms

Term	Definition
Allocations	An automated process that creates General Ledger journals to reclassify (allocate) ledger amounts based on user-specified rules.
Allocation Type	Defines an allocation's <i>calculation method</i> (copy and/or prorata).
Allocation Pool	The amount to be allocated, typically balances from a ledger although other data sources can be used.
Allocation Basis	The rules that determine how a pool is allocated. For example, if rent costs (the pool) are to be allocated to units or divisions on the basis of their office space occupied, those units' square footage used would be the allocation's basis.



Allocations Key Terms

Term	Definition
Allocation Target	The ChartField combination(s) to which a pool is to be allocated. For example, when allocating administrative costs, the target is often the program(s) benefiting from those administrative services. This is typically a debit entry for an expenditure allocation.
Allocation Offset	The ChartField combination(s) to which an allocation is balanced, or offset. This is typically a credit entry for an expenditure allocation.



Strategy

1. Identify What to Allocate

 Source criteria (Ledger, Time range & ChartFields) to identify the Cost Allocation Pool

2. Identify How to Allocate

- Cost Allocation calculation method, example: Copy and/or Prorata
- Criteria (Ledger, Time range & ChartFields) to identify the Cost Allocation Basis

3. Identify Where to Allocate

 Define Ledger, Period and ChartField combination to identify the Allocation Target and Offset



Allocation Example

Allocation Type: Copy

Copies pool amounts to the target/offset with possible percentage changes

Example: Reclassify \$400 from a central program to another program

Allocation Step	Account	Program	Amount
Pool	RENT	11001	\$40
	OFFICE SUPPLIES	11001	\$80
	TELEPHONE CHRGS	11001	\$80
	CUSTODIAL CHRGS	11001	\$200
Target	RENT	12001	\$40
	OFFICE SUPPLIES	12001	\$80
	TELEPHONE CHRGS	12001	\$80
	CUSTODIAL CHRGS	12001	\$200





Allocation Type: Prorata with Record Basis

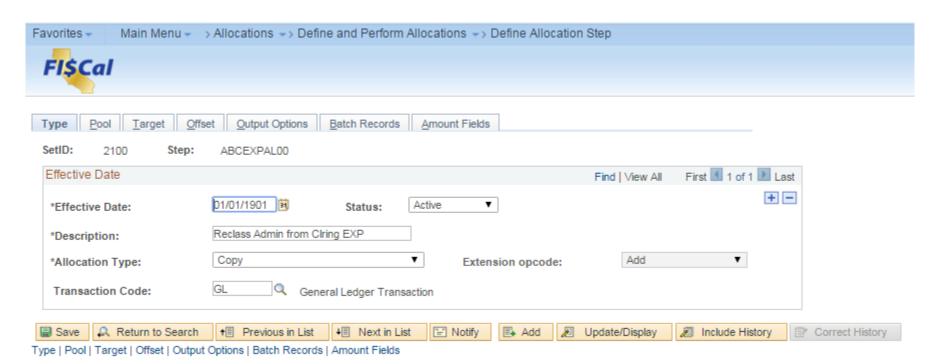
Divides the pool amount among the targets based on amounts stored in the basis record

Example: Allocate \$400 from a central repository to 4 differing programs

Allocation Step	Account	Program	Amount	Percent
Pool	RENT	CLEARING	\$400	-
Basis	FLOORS	11001	100 SQF	10%
	FLOORSPACE	12000	200 SQF	20%
	FLOORSPACE	13000	200 SQF	20%
	FLOORSPACE	22001	500 SQF	50%
Target	RENT	11001	\$40	10%
	RENT	12000	\$80	20%
	RENT	13000	\$80	20%
	RENT	22001	\$200	50%



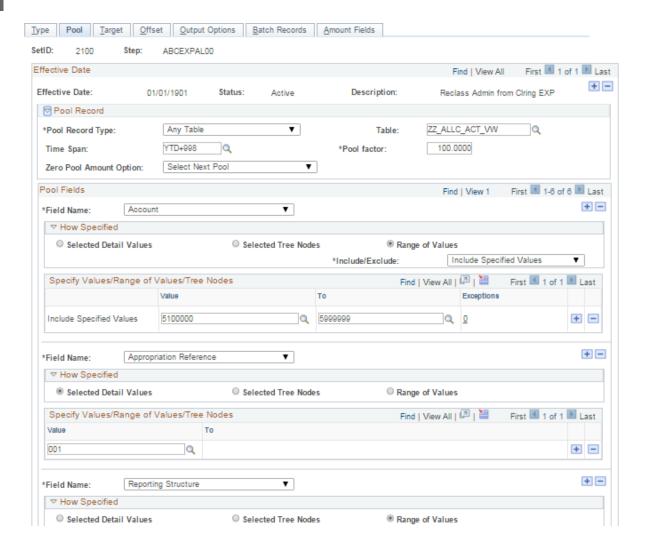
Type



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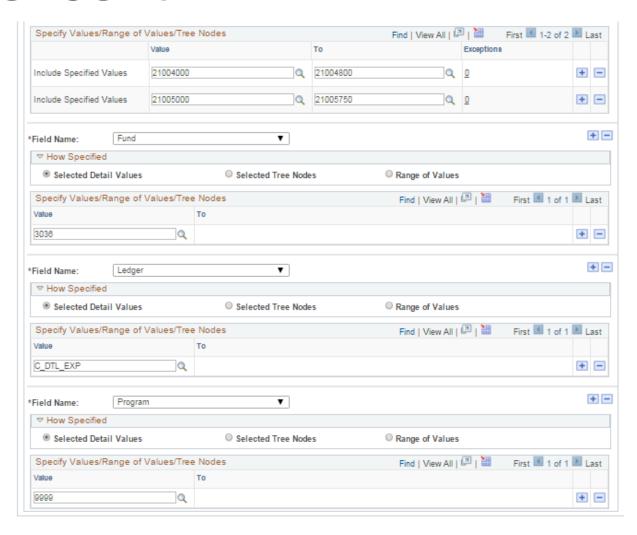


Pool



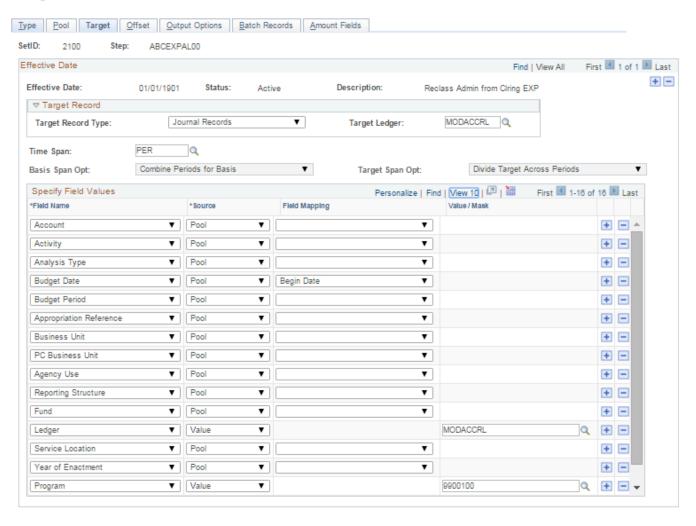


Pool cont.



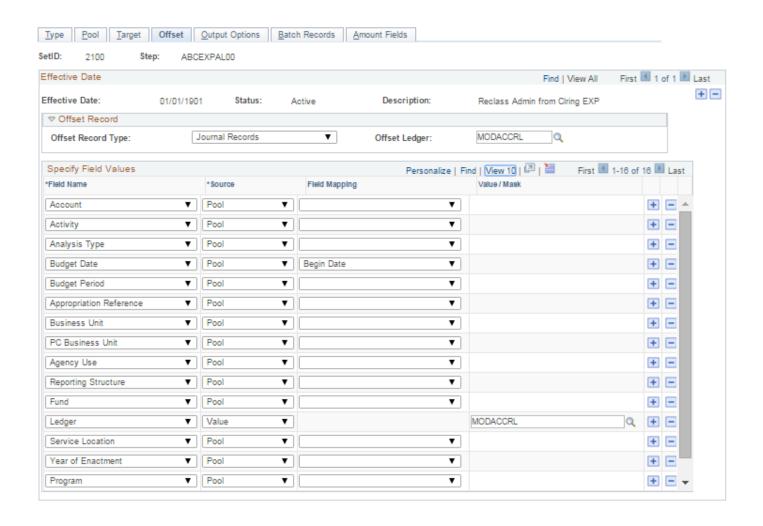


Target





Offset





Fund Split - PCA

A PCA is used to distribute costs based on predetermined criteria. The PCA functionality will not exist within FI\$Cal. The FI\$Cal system will utilize other functionality to replace PCAs.

Solutions which will replace PCA functionality:

- ☐ Direct Charge Amounts
- □ AP SpeedCharts
- ☐ Allocation Scenarios:
 - Labor Distribution
 - Direct Transfer
 - Inter-Agency Billed Party
 - Indirect Cost



What to bring to the working Sessions?

- Allocation Working Session Template
 - Work on completing Allocation(s)
- Knowledge of Cost Allocations
 - Bring Cost Allocation Plans/Tables
- PCA Information
 - Bring PCA Tables

